

REPORTING RETIREMENT CONTRIBUTIONS

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REPORTING RETIREMENT CONTRIBUTIONS

Reporting Specifications

Member contributions remitted to the TRS must be based on the compensation that is earned in a reporting period. Earnable compensation is subject to retirement deductions in a monthly reporting period regardless of when the compensation is actually paid to the member. Earnable compensation consists of all regular compensation earned and overtime compensation. Once enrolled, a member must continue to contribute to the TRS until employment is terminated, even if the member's employment is on less than a one-half (50%) basis.

- Regular members must contribute five percent (5%) of earnable compensation.
- Full-time, certified firefighters, correctional officers, or law enforcement officers must contribute (6%) of earnable compensation.

Exceptions

Retirement deductions must not be withheld from:

- expense allowance payments that are reimbursement for actual expenses
- lump sum payments for unused accrued sick and/or annual leave
- lump sum payments for unused vacation leave payments
- bonus payments, if not specified in employment contract
- compensatory time payments, unless used for paid leave
- reimbursed expenses unless specifically authorized by law
- any part-time work done after the member's effective date of retirement

In cases of doubt, please contact the TRS for clarification.

Reporting Method and Deadline

The TRS participating agency must report retirement contributions and RSA-1 deferred compensation contributions using the following method:

Full reporting submission is reporting by secure upload of electronic files formatted in accordance with RSA ITS department guidelines. The Contributions Reporting Application (CRA) is offered free of charge for PC based operating systems that meet certain criteria. The files will be uploaded via the RSA's secure website for Contributions Reporting, and the printed receipt there from should be sent along with a check for the total amount of the TRS retirement remittance.

The report and remittance are considered delinquent if received after the 10th of the month.

The agency cost and members' contribution computation must agree with the remittance. Discrepancies result in costly processing delays and difficulties.

Delinquent remittances may be subject to an additional interest payment based on the TRS current investment earnings rate.

TRS CLASSIFICATION CODES: To be used in reporting members' positions

Code 00	=	Other
Code 01	=	Teacher
Code 02	=	Principal
Code 03	=	Superintendent
Code 04	=	Administrative
Code 05	=	Clerical
Code 06	=	Lunchroom
Code 07	=	Maintenance
Code 08	=	Bus Driver
Code 09	=	Mechanic
Code 10	=	Corrections Officer
Code 11	=	Firefighter
Code 12	=	Law Enforcement Officer

RSA-1

For RSA-1, a separate file must be generated and formatted in accordance with RSA ITS department guidelines, and uploaded via the RSA's secure website for Contributions Reporting. The printed receipt therefore should be sent along with a check for the total RSA-1 contributions.

For questions concerning submission of deducted money and/or electronic media, please contact Member Services at 877.517.0020.

Status Change Reporting

Part-time Employees

If a TRS member is less than full-time or on a leave of absence with pay, the law requires that contributions be deducted and that service credit be given in proportion to the percent of time worked as compared to a full-time employee for that job classification.

The agency should review the monthly contributions report to confirm that the report provides the information necessary to identify members who do not work full-time or who are not paid full-time wages for the reporting period and prorate the service credit.

Temporary Employees

Temporary employees who are employed longer than one (1) year **must** be enrolled in the TRS at the beginning of the second year. Once enrolled, the employee should be given an opportunity to purchase the first year of service. To certify this service, the agency submits a completed FORM CS-1, CERTIFICATION OF SERVICE FORM, to the TRS certifying the first year of temporary employment.

Temporary service of less than one year is ineligible for service credit.

Correcting Reporting Errors

Eligible employee

When the agency fails to remit retirement contributions on an eligible employee, a FORM CS-1, CERTIFICATION OF SERVICE FORM, must be completed. This form indicates the salary earned by the member and the period of time in which the salary was earned. The TRS will calculate the agency and member cost and provide written notification of the additional amounts to be remitted to correct the error.

The FORM CS-1 requires the employer to certify the employee's total salary and dates and months of service credit by scholastic year (July 1 – June 30). In addition, the reason for requesting this calculation must be indicated. The certifying official of the agency must certify the following regarding the certified service:

1. Full-time hourly rate employment,
2. Part-time employment, specifying the percentage of full-time employment,
3. Provisional (non-temporary) employment,
4. Full-time employment during the period of non-enrollment due to administrative error,

Any other service requires an explanation. (Example: part-time employment on a specified percentage during a period of non-enrollment due to administrative error.)

Information certified on the FORM CS-1 must be specified by scholastic year.

- If the error is corrected within the same scholastic year, there **will not** be an interest charge.
- If the error to be corrected occurs in a prior scholastic year, there **will** be an interest charge.

If a member elects to make a payment for any errors in omitting retirement contributions, the agency is required to also make an employer contribution.

Ineligible employee

The agency must request a refund of the erroneously remitted retirement contributions and the matching employer cost when retirement deductions are made on an employee who is not eligible to participate in the TRS.

Employer Pickup of Retirement Contributions (Tax Sheltering)

The participating agency may request information from the TRS about tax-sheltering employee contributions. The tax-sheltering plan provides tax savings for the majority of public employees. Information and a model resolution can be mailed to you upon request. You may also wish to contact the TRS and discuss the tax-sheltering provision.

Implementation of tax-sheltering is solely at the discretion of each agency. If the agency elects to tax-shelter employee contributions, the reduction will apply to all employees, except those who are ineligible to participate in the TRS. If the employing agency begins participating in the tax-sheltering, all contributing TRS members must participate. Individual employees cannot be given the option of participating or not participating once the agency begins tax-sheltering.

Regular members of the TRS are required to contribute five percent (5%) of earned compensation. Firefighters, correctional officers, and law enforcement officers, not covered as State Policemen, must contribute six percent (6%) of earned compensation. Retirement contributions are subject to federal income tax and are included as taxable income, unless the agency tax-shelters employee contributions.

TRS members will not have to pay federal income tax on their retirement contributions if the employing agency elects to pay the retirement contribution directly to the TRS. The member has a reduction in federal taxable income and benefits from the agency “picking-up” or tax-sheltering the member’s contributions. Payment of the retirement contributions by the agency directly to the Internal Revenue Service does not change the agency’s cost to the TRS.

For all purposes other than federal income taxation, the members’ earnable compensation will be considered to be the same as before the salary reduction and retirement contribution “picked-up” by the employing agency. State income tax, Social Security tax, and Medicare tax will be paid on the members’ full earnable compensation.

Tax-sheltering defers payment of federal income tax on retirement contributions but does not preclude payment of federal income taxes altogether. The member must pay federal income tax on retirement contributions when the TRS issues a return of contributions upon withdrawal from the RSA or upon payment of benefits at retirement.

To implement the tax-sheltering of retirement contributions, the governing authority for each agency should:

1. Adopt a resolution that is prospective from the date of adoption.
2. Provide a copy of the resolution to the TRS.

Implement the necessary payroll procedure and reporting changes to discontinue withholding federal income tax from the retirement contribution. For federal income tax purposes, the member's federal taxable income should be reduced by the amount of the retirement contribution.

Note: Currently all organizations participating in TRS have elected to tax shelter retirement contributions.